NCA
VOC FOR PGM/FN
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EDIE APPLE/BRUSSELS

TEXTILES CARTEL

ANNCR:

ANOTHER EUROPEAN INDUSTRY--PRODUCERS OF SYNTHETIC FIBERS -- HAVE DECIDED TO FORM A CARTEL TO CONTROL PRODUCTION AND MARKETING. VOA'S EDITH SMITH APPLE HAS DETAILS IN THIS BACKGROUND REPORT.

VOICE:

THE SYNTHETIC FIBERS INDUSTRY IS A CRISIS AREA IN WESTERN EUROPE. THE PROBLEM IS THAT WESTERN EUROPEAN COMPANIES MAKING SYNTHETIC FIBERS PRODUCE MORE THAN THEY CAN SELL. AS A RESULT MANY PRODUCERS ARE LOSING MONEY AND WORKERS ARE LOSING JOBS.

NOW, ELEVEN OF EUROPES LARGEST FIBERS PRODUCERS--COMPANIES FROM WEST GERMANY, BRITAIN, FRANCE, BELGIUM, THE NETHERLANDS AND ITALY -- HAVE AGREED TO WORK TOGETHER TO REDUCE PRODUCTION. BETWEEN NOW AND THE END OF NINETEEN EIGHTY-ONE THEY HOPE TO CUT PRODUCTION BY FIFTEEN PERCENT. IN MAKING THE CUTS, THE NORTHERN EUROPEAN COMPANIES WILL ALLOW THE ITALIAN PRODUCERS WHO HAVE BEEN THE HARDEST HIT AN INCREASED SHARE OF THE MARKET.

THE PLAN, WORKED OUT IN CONSULTATION WITH LABOR UNIONS AND COMMON MARKET COMMISSION EXECUTIVES, WILL MEAN THE LOSS OF BETWEEN TWELVE THOUSAND AND FIFTEEN THOUSAND JOBS. BUT ALL INVOLVED SEEM TO HAVE AGREED THAT A HEALTHY INDUSTRY WOULD BE BETTER FOR ALL CONCERNED.

THE SYNTHETIC FIBER PRODUCERS HAVE FOLLOWED THE EXAMPLE OF THE STEEL INDUSTRY IN SETTING UP A CARTEL. THE IDEA GOES AGAINST THE PRINCIPLE OF FREE TRADE ON WHICH THE COMMON MARKET WAS FOUNDED. BUT THE EUROPEAN COMMON MARKET COMMISSION IS EXPECTED TO APPROVE

THE FIBERS AGREEMENT AFTER IT APPROVES A GENERAL PLAN ENABLING INDUSTRIES IN TROUBLE TO ESTABLISH SO-CALLED "CRISIS" CARTELS.

THE PLAN IS DESIGNED FOR ALL INDUSTRIES IN TROUBLE BECAUSE OF THE WORLD RECESSION. IT WOULD ALLOW SUCH TEMPORARY CARTELS FOR THE PURPOSE OF REDUCING PRODUCTION. THE SYNTHETIC FIBERS INDUSTRIES PLAN DOES NOT INVOLVE ADDITIONAL LIMITS ON IMPORTS. COMPETITION FROM OUTSIDE IS NOT PART OF THEIR PROBLEM. BUT THE GENERAL PLAN FOR "CRISIS CARTELS" WOULD INCLUDE PROVISION FOR STEPS TO PROTECT THREATENED INDUSTRIES FROM FOREIGN COMPETITION.

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